

# *Township of Speaker*

**Sanilac County, Michigan**

Audited Financial Report  
March 31, 2006

## Auditing Procedures Report

Issued under P.A. 2 of 1988, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Two <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Speaker	County Sanilac
Fiscal Year End March 31, 2006	Opinion Date June 19, 2006	Date Audit Report Submitted to State June 19, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

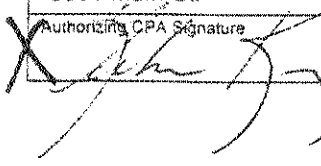
6  
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2

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) Lehn L. King, CPA		Telephone Number 989-635-3113		
Street Address 3531 Main St.		City Marlette	State MI	Zip 48453
Authorizing CPA Signature 		Printed Name Lehn L. King		License Number A248781

**Township of Speaker**  
Annual Financial Report  
For The Fiscal Year Ended March 31, 2006

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Members of the Township Board  
**Township of Speaker**  
Sanilac County, Michigan

**Independent Auditor's Report**

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Speaker, Michigan as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Speaker, Michigan's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluation the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Speaker, Michigan as of March 31, 2006 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

The Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Speaker, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of April 1, 2004.

*Lehn King*

Lehn L. King  
Certified Public Accountant

June 19, 2006

# Township of Speaker

## Brown City, Michigan

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### MANAGEMENT'S DISCUSSION AND ANALYSIS LETTER

Our discussion and analysis of the Township of Speaker's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2006. Please read it in conjunction with the Township's financial statements.

#### Financial Highlights

The Township is in a good financial position with a General Fund Balance of \$191,409.

#### Using this Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No.34. GASB Statement 34 implements a new model of financial reporting for state and local governments designed to enhance the usefulness of the Township's annual report.

#### The Township as a Whole

The Township of Speaker's fund balances are as follows:

	<b>March 31, 2006</b>	<b>March 31, 2005</b>
General Fund	\$ 191,409	\$ 218,142
Total for Township	\$ 191,409	\$ 218,142

# Township of Speaker

## Brown City, Michigan

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### Governmental Activities

The Township of Speaker's Revenues and Expenditures can be summarized as follows:

	<b>General Fund</b>	<b>Total Governmental Activities</b>
<b>Fund Balance - Beginning of Year</b>	\$ 218,142	\$ 218,142
<b>Revenue Collected</b>		
Intergovernmental Revenue	85,330	85,330
Property Taxes	40,571	40,571
Charges for Services	12,553	12,553
Other	9,422	9,422
Total Revenue Collected	147,876	147,876
<b>Expenditures</b>		
General Government	85,058	85,058
Public Safety	43,946	43,946
Public Works	45,605	45,605
Total Expenditures	174,609	174,609
<b>Fund Balance - End of Year</b>	\$ 191,409	\$ 191,409

# Township of Speaker

## Brown City, Michigan

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### Economic Factors and Next Year's Budget and Rates

The Township of Speaker's 2006/2007 adopted budget is as follows:

	<b>General Fund</b>
<b>Revenue</b>	
Intergovernmental Revenue	\$ 90,000
Property Taxes	42,850
Charges for Services	16,100
Other	700
Total Revenue Collected	<u>149,650</u>
<b>Expenditures</b>	
General Government	87,600
Public Safety	36,300
Public Works	43,000
Total Expenditures	<u>166,900</u>
<b>Net Over/Under Budget</b>	<u><u>\$ (17,250)</u></u>

The Township of Speaker's General Fund budget for next year is approximately the same budget as a year ago.

### Contacting the Township

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Township office at 7630 Brockway Road, Melvin, Michigan or by telephone at (810) 387-3356.

Bernie Davies  
Township of Speaker Supervisor

**Township of Speaker**  
Statement of Net Assets (Deficit)  
March 31, 2006

	<b><u>Primary Government Governmental Activities</u></b>
<b><u>Assets</u></b>	
Cash & Cash Equivalents	\$ 188,160.62
Property Tax Receivable	3,248.76
Capital Assets (Net of Accumulated Depreciation)	<u>345,278.29</u>
Total Assets	536,687.67
<b><u>Liabilities</u></b>	
Total Liabilities	<u>-</u>
<b>Net Assets (Deficit)</b>	
Invested in Capital Assets - Net of Related Debt	345,278.29
Unrestricted	<u>191,409.38</u>
<u>Total Net Assets (Deficit)</u>	<u><u>\$ 536,687.67</u></u>

The notes are an integral part of the statements.

**Township of Speaker**  
Statement of Activities  
For the Year Ended March 31, 2006

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue &amp;</u>
		<u>Services</u>	<u>Grants &amp;</u>	<u>Grants &amp;</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Net Assets</u>
					<u>Primary Government</u>
					<u>Governmental</u>
					<u>Activities</u>
Primary Government:					
Governmental Activities:					
General Government	\$ 87,988.63	\$ -	\$ -	\$ -	\$ (87,988.63)
Public Safety	55,143.48	12,553.00	-	-	(42,590.48)
Public Works	45,604.83	-	-	-	(45,604.83)
<u>Total Governmental Activities</u>	<u>\$ 188,736.94</u>	<u>\$ 12,553.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(176,183.94)</u>
<b>General Revenues:</b>					
Property Taxes					\$ 40,571.79
State Shared Revenues					85,330.00
Interest					5,224.18
Other Revenues					4,198.13
Transfers					-
Total General Revenues, Special Items & Transfers					<u>135,324.10</u>
<b>Change in Net Assets</b>					(40,859.84)
<b>Net Assets (Deficit) - Beginning of Year</b>					<u>577,547.51</u>
<b>Net Assets (Deficit) - End of Year</b>					<u>\$ 536,687.67</u>

The notes are an integral part of the statements.

# Township of Speaker

## Governmental Funds

### Balance Sheet

March 31, 2006

	<b>General Fund</b>	<b>Totals Governmental Funds</b>
<b><u>Assets</u></b>		
Cash & Certificates of Deposit	\$ 188,160.62	\$ 188,160.62
Property Taxes Receivable	3,248.76	3,248.76
Due From Other Funds	-	-
<u>Total Assets</u>	<u>\$ 191,409.38</u>	<u>\$ 191,409.38</u>
<b><u>Liabilities &amp; Fund Equity</u></b>		
<b><u>Liabilities</u></b>		
Accrued Payroll Taxes	\$ -	\$ -
Due To Other Funds	-	-
<u>Total Liabilities</u>	<u>-</u>	<u>-</u>
<b><u>Fund Equity</u></b>		
Fund Balances		
- Unreserved & Undesignated	191,409.38	191,409.38
<u>Total Fund Balances</u>	<u>191,409.38</u>	<u>191,409.38</u>
<u>Total Liabilities &amp; Fund Equity</u>	<u>\$ 191,409.38</u>	<u>\$ 191,409.38</u>

The notes are an integral part of the statements.

**Township of Speaker**  
Governmental Funds  
Reconciliation of Fund Balances to the  
Statement of Net Assets (Deficit)  
For The Year Ended March 31, 2006

<b>Total Fund Balances for Governmental Funds</b>	\$ 191,409.38
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Amounts reported for Governmental Activities in the Statement of  
Net Assets (Deficit) are different because:

Capital Assets used in Governmental Activities are not Financial Resources and are not reported in the Funds	<u>345,278.29</u>
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<b>Net Assets of Governmental Activities</b>	<u><u>\$ 536,687.67</u></u>
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The notes are an integral part of the statements.

**Township of Speaker**  
Governmental Funds  
Statement of Revenues, Expenditures, And Changes  
in Fund Balances  
For The Year Ended March 31, 2006

	<b>General Fund</b>	<b>Totals Governmental Funds</b>
<b><u>Revenues</u></b>		
Property Taxes	\$ 40,571.79	\$ 40,571.79
State Shared Revenue	85,330.00	85,330.00
Charges for Services	12,553.00	12,553.00
Interest Earnings	5,224.18	5,224.18
Other Revenues	4,198.13	4,198.13
<u>Total Revenues</u>	<u>147,877.10</u>	<u>147,877.10</u>
<b><u>Expenditures</u></b>		
General Government	85,057.99	85,057.99
Public Safety	43,946.41	43,946.41
Public Works	45,604.83	45,604.83
<u>Total Expenditures</u>	<u>174,609.23</u>	<u>174,609.23</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(26,732.13)	(26,732.13)
<b><u>Other Financing Sources (Uses)</u></b>		
Operating Transfers In (Out)	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	(26,732.13)	(26,732.13)
<b><u>Fund Balances - Beginning of Year</u></b>	<u>218,141.51</u>	<u>218,141.51</u>
<b><u>Fund Balances - End of Year</u></b>	<u>\$ 191,409.38</u>	<u>\$ 191,409.38</u>

The notes are an integral part of the statements.

**Township of Speaker**  
Governmental Funds  
Reconciliation of Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For The Year Ended March 31, 2006

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ (26,732.13)
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Amounts reported for Governmental Activities in the Statement of  
Activities are different because:

Governmental Funds report Capital Outlays as Expenditures in the Statement of Activities, these costs are capitalized and allocated over their estimated useful lives as Depreciation	-
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Depreciation is an Expenditure for the Statement of Activities, but is not reported in the Governmental Funds	<u>(14,127.71)</u>
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<b>Net Assets of Governmental Activities</b>	<u><u>\$ (40,859.84)</u></u>
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The notes are an integral part of the statements.

**Township of Speaker**  
Statement of Net Assets (Deficit)  
Fiduciary Funds  
March 31, 2006

	Fiduciary Fund
	Current Tax Collection Fund
<b><u>Assets</u></b>	
Cash - Savings & Certificates	\$ 14.59
Due From Other Funds	-
<u>Total Assets</u>	<u>\$ 14.59</u>
<b><u>Liabilities &amp; Fund Balance</u></b>	
<b><u>Liabilities</u></b>	
Due To Other Funds	\$ -
Due To Others	14.59
<u>Total Liabilities</u>	<u>14.59</u>
<b><u>Fund Balances</u></b>	
Unreserved & Undesignated	-
<u>Total Fund Balances</u>	<u>-</u>
<u>Total Liabilities &amp; Fund Balances</u>	<u>\$ 14.59</u>

The notes are an integral part of the statements.

**Township of Speaker**  
Notes to the Financial Statements  
For The Year Ended March 31, 2006

The accounting methods and procedures adopted by the Township of Speaker, Sanilac County, Michigan, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Townships Comprehensive Annual Financial Report.

**1. Summary of Significant Accounting Policies**

**Financial Reporting Entity**

The Township was incorporated under the laws of the State of Michigan and operates as a General Law Township, with a Township Board form of government. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Township (the primary government) and its component units. The component units discussed below are included in the Township reporting entity because of the significance of their operational or financial relationships with the Township.

**Government-wide and Fund Statements Fund**

The Government-wide Financial Statements (i.e., the Statement of Net Assets (Deficit) and the Statement of Activities) report information on all the nonfiduciary activities of the Township (the primary government). The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function (governmental activities) or identifiable activity (business-type activities) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other revenue items properly excluded from program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the Government-wide Financial Statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Township reports the following major governmental funds:

**General Fund** - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the Township reports the following fund types:

**Current Tax Collection Fund** – The fund accounts for the collection and disbursement of taxes.

**Township of Speaker**  
Notes to the Financial Statements  
For The Year Ended March 31, 2006

**Measurement Focus and Basis of Accounting**

The Government-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period, generally collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, intergovernmental revenues, special assessments, licenses, charges for services, and interest. All other revenue items are considered to be available only when cash is received by the Township. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and claims and judgments are recorded only when payment is due.

**Cash** - The Township does not pool cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Township's investments.

**Investments** - Debt securities are valued at cost since it is generally the policy of the Township to hold such investments until they mature.

**Due to and Due From Other Funds** - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

**Property Tax Revenues** - Property taxes are levied on December 1 based on the assessed value of property as listed on the previous December 31. Assessed values are an approximation of market value. A revaluation of all real property must be made every year.

**Vacation, Sick Leave, & Other Compensated Absences** - The Township does not have any contracts or agreements with its employees or elected officials which require the payment of compensation during absence from duty nor do any such benefits vest to the right of the employee or elected official.

**Capital Assets** - Capital assets, which include buildings and equipment, are reported in the applicable governmental column in the Government-wide Financial Statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Infrastructure	40 years
Buildings & Building Improvements	20 to 40 years
Machinery & Equipment	3 to 10 years

**Township of Speaker**  
Notes to the Financial Statements  
For The Year Ended March 31, 2006

**Long-Term Obligations** - In the Government-wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, issuance costs, and the deferred amount on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**Accounting Changes**

**GASB Statement No. 34** – Effective April 1, 2004, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34). Changes to the Township's financial statements as a result of GASB No. 34 are as follows:

- A management's discussion and analysis (MD&A) section providing analysis of the Township's overall financial position and results of operations has been included.
- Government-wide Financial Statements (statement of net assets (deficit) and statement of activities) prepared using full accrual accounting for all of the Township's activities have been provided.
- Capital assets in the governmental activities column of the statement of net assets (deficit) includes assets not previously accounted for by the Township as well as assets previously reported in the General Fixed Assets Account Group. In addition, the governmental activities column includes bonds and other long-term obligations previously reported in the General Long-term Debt Account Group.
- The fund financial statements focus on major funds rather than fund types.

**Township of Speaker**  
Notes to the Financial Statements  
For The Year Ended March 31, 2006

**2. Stewardship, Compliance, and Accountability**

**Budgetary Information**

The Township is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following statements represent a brief synopsis of the major provisions of this Act:

1. Budgets must be adopted for the General Fund and Special Revenue Funds.
2. The budgets must be balanced. The balanced budget may include a contribution to or appropriation from fund balance.
3. The budgets must be amended when necessary.
4. Debt cannot be entered into unless permitted by law.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures cannot be made unless authorized in the budget.
7. Public hearings must be held before budget adoptions.

In the body of the financial statements, the Township actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The budget is used by the Township Board as a management tool during the year for all budgetary funds. The budgets are adopted on a cash basis, which is not consistent with generally accepted accounting principles. Budgetary control is exercised at the departmental level. Budgets for the General Fund and the Special Revenue Funds are presented in the required supplemental information.

During the year ended March 31, 2006, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

<u><b>General Fund</b></u>	<b>Total</b> <u><b>Appropriations</b></u>	<b>Amount of</b> <u><b>Expenditures</b></u>	<b>Budget</b> <u><b>Variance</b></u>
Treasurer	\$ 14,500	\$ 14,772	\$ 272
Township Hall Expense	15,010	16,202	1,192

**Township of Speaker**  
Notes to the Financial Statements  
For The Year Ended March 31, 2006

**3. Cash and Investments**

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated two banks for the deposit of Township funds. There was not an investment policy adopted by the Board in accordance with Public Act 196 of 1997. The Board has authorized investment in bank accounts, CDs, and pooled money market accounts if the bank meets the criteria as a depository of public funds contained in state law, but not the remainder of State statutory authority as listed above. The Township's deposits are in accordance with statutory authority. All cash deposits and investments of the Township are held by the Township in the Township's name.

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary - Trust &amp; Agency Funds</u>	<u>Total Primary Government</u>
Cash & Cash Equivalents	\$ 188,161	\$ 15	\$ 188,176

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (Checking & Savings Accounts, CDs)	\$ 188,176

The bank balance of the primary government's deposits is \$188,176, of which \$173,521 is covered by federal depository insurance and \$-0- is collateralized with U.S. Treasury securities held by the pledging financial institution's trust department in the Township's name.

All cash deposits and investments of the Township are held by the Township in the Township's name.

The GASB Statement 3 risk disclosures for the Local Unit's investments are as follows:

	<u>Category</u>			<u>Carrying Value</u>
	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	
Investments	\$ NONE	\$ NONE	\$ NONE	\$ NONE

The cash and investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

Category 1	Insured or registered, or securities held by the Township or its agent in the Township's name.
Category 2	Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name.
Category 3	Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Township's name.

**Township of Speaker**  
Notes to the Financial Statements  
For The Year Ended March 31, 2006

**4. Property Taxes**

The Township is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of December of the levy year and may be paid by the following February 14.

The Township levied the following taxes:  
General Government Services . 8528 mills  
=====

**5. Capital Assets**

Capital Assets activity of the Township's governmental activities (and business-type) was as follows:

	Balance April 1, 2005	Additions	Disposals & Adjustments	Balance March 31, 2006
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated	\$ 9,861	\$ -	\$ -	\$ 9,861
Capital Assets Being Depreciated:				
Buildings & Improvements	\$ 317,823	\$ -	\$ -	\$ 317,823
Machinery & Equipment	155,425	-	-	155,425
Total Capital Assets being Depreciated	473,248	-	-	473,248
Accumulated Depreciation:				
Buildings & Improvements	96,504	6,356	-	102,860
Machinery & Equipment	27,199	7,771	-	34,970
Total Accumulated Depreciation	123,703	14,127	-	137,830
<b>Net Capital Assets</b>	<u>\$ 359,406</u>	<u>\$ (14,127)</u>	<u>\$ -</u>	<u>\$ 345,279</u>

Depreciation expense was charged to programs of the primary government as follows:

<b>Governmental Activities:</b>	
General Government	\$ 2,931
Public Safety	11,196
Total Governmental Activities	<u>\$ 14,127</u>

**6. Deficit Fund Balance or Retained Earnings Balances of Individual Funds**

None

**7. Comparative Data**

Comparative total data for the prior year has not been presented.

**Township of Speaker**  
Notes to the Financial Statements  
For The Year Ended March 31, 2006

**8. Long -Term Debt**

The Township has no Long-Term Debt.

**9. Post Employment Benefits**

The Township does not provide any post employment benefits.

**10. Risk Management**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical and workman's compensation benefits provided to employees. The Township has purchased commercial insurance for the various risks of loss stated above.

Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage's obtained through commercial insurance during the past year.

### **Required Supplemental Information**

# Township of Speaker

Required Supplemental Information

Budgetary Comparison Schedule

General Fund

For The Year Ended March 31, 2006

	<b>General Fund</b>			
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b><u>Revenues</u></b>				
Property Taxes	\$ 41,300.00	\$ 41,300.00	\$ 40,571.79	\$ (728.21)
State Shared Revenues	90,000.00	90,000.00	85,330.00	(4,670.00)
Charges for Services	12,100.00	12,100.00	12,553.00	453.00
Interest Earnings	850.00	850.00	5,224.18	4,374.18
Other Revenues	700.00	700.00	4,198.13	3,498.13
<b><u>Total Revenues</u></b>	<u>144,950.00</u>	<u>144,950.00</u>	<u>147,877.10</u>	<u>2,927.10</u>
<b><u>Expenditures</u></b>				
<b>General Government</b>				
Township Board	25,600.00	25,729.00	24,915.05	813.95
Supervisor	14,500.00	14,772.00	12,640.39	2,131.61
Elections	1,000.00	1,000.00	213.82	786.18
Clerk	12,000.00	12,000.00	10,773.56	1,226.44
Board of Review	1,000.00	1,000.00	870.90	129.10
Treasurer	14,500.00	14,500.00	14,772.11	(272.11)
Township Hall Expense	7,000.00	15,010.00	16,202.16	(1,192.16)
Cemetery	9,000.00	9,000.00	4,670.00	4,330.00
<b><u>Total General Government</u></b>	<u>84,600.00</u>	<u>93,011.00</u>	<u>85,057.99</u>	<u>7,953.01</u>
<b>Public Safety</b>				
Fire Protection	40,000.00	44,148.00	34,336.94	9,811.06
Planning & Zoning	5,000.00	8,387.00	8,387.47	(0.47)
Ambulance Contract	1,500.00	1,500.00	1,222.00	278.00
<b><u>Total Public Safety</u></b>	<u>46,500.00</u>	<u>54,035.00</u>	<u>43,946.41</u>	<u>10,088.59</u>
<b>Public Works</b>				
Drains At Large	6,000.00	6,000.00	3,443.29	2,556.71
Road Maintenance	45,000.00	45,000.00	42,161.54	2,838.46
<b><u>Total Public Works</u></b>	<u>51,000.00</u>	<u>51,000.00</u>	<u>45,604.83</u>	<u>5,395.17</u>
<b><u>Total Expenditures</u></b>	<u>182,100.00</u>	<u>198,046.00</u>	<u>174,609.23</u>	<u>23,436.77</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(37,150.00)	(53,096.00)	(26,732.13)	26,363.87
<b><u>Other Financing Sources (Uses)</u></b>				
Operating Transfers In (Out)	-	-	-	-
<b>Excess of Revenues &amp; Operating Transfers In Over (Under) Expenditures &amp; Operating Transfers Out</b>	(37,150.00)	(53,096.00)	(26,732.13)	26,363.87
<b><u>Fund Balance - Beginning of Year</u></b>	<u>-</u>	<u>-</u>	<u>218,141.51</u>	<u>218,141.51</u>
<b><u>Fund Balance - End of Year</u></b>	<u>\$ (37,150.00)</u>	<u>\$ (53,096.00)</u>	<u>\$ 191,409.38</u>	<u>\$ 244,505.38</u>